



## KEY TAKE AWAYS

C A D W A L A D E R

# CRE Finance Council Miami 2026

Authors: **Justin Hamrick, Kathryn Pereyra-Caldwell, Michael Capellupo, Carter Lawson, Michael Altman, Jessica Zeichner** and **Aaron Kennedy**

Kicking off the year in familiar fashion, our teams attended the 2026 CREFC Conference in Miami Beach, where record attendance reflected renewed engagement across the commercial real estate finance industry. With participants from across every corner of the CRE market, the conference offered a synopsis of the successes and concerns of the past year and current thoughts and projections of industry leaders as to the forces shaping capital formation and sourcing, underwriting, origination and execution in the year ahead.

This year's programming underscored a record-setting 2025 in many market sectors, yet emphasized a sentiment that the real estate market is, overall, in a continuing state of transition. Liquidity is returning, issuance pipelines are robust and capital is increasingly available across the capital stack. At the same time, elevated distress, uneven asset-class performance and structural challenges in office and multifamily continue to demand disciplined underwriting and thoughtful execution. We are pleased to share our summary of the insights and themes that emerged across three days of programming and conversations on the ground.

---

### 2025 Highlights

- Record CMBS issuance, with total volume increasing approximately 40% year-over-year to an estimated \$150 - 160 billion, including CRE CLOs.
- SASB issuance rose approximately 20%, with office and data centers representing a significant share of activity—\$26 billion of office transactions (primarily in New York) and \$11 billion of data center transactions.
- CRE CLO market expansion, supported by robust investor demand and a deepening pipeline heading into 2026.
- Portfolio lender performance remained resilient, with delinquencies below 1% and DSCRs stabilizing after several years of compression.
- Multifamily dominated origination activity, representing roughly half of portfolio lender production, while industrial activity settled and stabilized from prior peaks.

- Data centers emerged as a major capital-markets driver, representing a growing share of SASB issuance and attracting cross-market financing interest.
- Private credit volumes surged, supported by fundraising momentum, bank retrenchment early in the year and strong demand for flexible capital solutions.
- While office properties continued to perform in certain localized sectors (such as New York City), nationwide office distress largely deepened.
- Alternative housing formats gained traction, including build-to-rent, manufactured housing and workforce housing.
- Rate volatility persisted, with fewer Federal Reserve rate cuts than initially expected in 2025 and widening spreads following tariff announcements in April 2025, creating both dislocation and opportunity.
- After several years of stagnation, regional banks reentered the origination market in material fashion, particularly in multifamily, contributing to increased competition and tighter spreads.
- Expense growth outpaced revenue growth across several property types, particularly multifamily, where insurance, taxes and labor costs increased pressure on DSCRs.

## 2026 Outlook

Conference sentiment was broadly positive, with expectations for another strong issuance year and continued increasing liquidity across debt capital sources. Key drivers of optimism included:

- A robust pipeline for SASB and CRE CLO transactions in early 2026, with issuance projections ranging from \$130 - 180 billion.
- Increased Fannie/Freddie multifamily lending caps, supporting liquidity in a sector working through elevated supply in select markets.
- Growing borrower demand driven by upcoming maturities and the need to refinance legacy low-rate loans.
- Selective return of bank competition, particularly in multifamily and construction lending.
- Improving clarity around valuations, enabling more decisive execution on refinancings, recapitalizations and loan sales.
- Expanding capital needs in digital infrastructure, expected to drive multi-channel financing activity across CMBS, ABS and private placements.

Rate expectations varied widely, reflecting broader macro uncertainty, including uncertainties surrounding tariff-related inflation, geopolitical volatility and concerns around unemployment.

As to concerns and key downside risk factors heading into 2026, several headwinds were common themes:

- Persistent office distress, with uneven recovery across regional and local markets as well as office building asset classes.
- Rising operating expenses, particularly insurance, taxes and labor, pressuring DSCRs across multifamily and other operating cost-intensive assets.
- Extension risk, as five-year loans increasingly behave like six- or seven-year exposures as borrowers push to retain their favorable, pre-inflation rates.
- Regulatory friction, including localized tenant-protection regimes and REMIC constraints, complicating workouts and valuations.

Overall, the outlook for 2026 is one of cautious optimism: strong liquidity, active pipelines and improving execution conditions, tempered by the need for disciplined, thorough underwriting and realistic assumptions.

## Capital Markets and Issuance Trends

Participants described 2025 as the strongest post-Great Financial Crisis year for CMBS, with momentum carrying into 2026. SASB and CRE CLOs remain the primary engines of volume, supported by tightening spreads and deep investor demand. Data centers and (as a surprise to many) office represented a meaningful share of SASB issuance and are expected to grow further as financing needs scale.

However, conduit issuance continues to face structural challenges:

- Longer structuring timelines;
- Limited property-type diversification;
- Smaller pools with more *pari passu* loans;
- Increased early delinquencies in recent vintages;
- Greater reliance on B-piece buyers earlier in the process; and
- Heightened sensitivity to 10-year Treasury movements.

Despite these constraints, conduit lenders remain active, particularly in the office asset class, where other capital sources have pulled back. It was noted by some attendees that conduit deals increasingly resemble large-loan transactions, with the top 10 loans often representing more than half of pool balances.



## Alternative Lenders and Private Credit

Private credit remains a central force in the capital stack, even as banks reenter the market with competitive pricing. Key themes included:

- Intensifying competition from banks and insurance investment funds, particularly in construction and bridge lending—areas that such institutions had largely retreated from over the past few years.
- Greater use of back-leverage, including repo lines and single-asset facilities, enabling funds to maintain target returns despite spread compression.
- Hesitancy on data centers, with many private credit panelists identifying as “risk-off” due to the massive size of data center deals and the corollary risk of damage to their portfolios, as well as the specialized underwriting capabilities necessary to effectively gain exposure in the asset class.
- Slowdown in construction lending, largely due to increased construction and materials costs and the uncertain impact of tariffs on the domestic industrial market.

## Portfolio Lenders and GSE Insights

Portfolio lenders reported stable credit performance and continued appetite for multifamily, industrial and select alternative housing formats. Key observations included:

- Delinquencies remain low, though trending upward in line with broader market pressures.
- GSE multifamily caps increased to \$88 billion each, supporting liquidity across both short- and long-duration executions.
- Although five-year loans remain prevalent, reflecting borrower preference for flexibility amid rate uncertainty, banks are increasingly buying 10-year Agency product, reflecting renewed appetite for duration.

## Servicing, Workouts and Regulatory Considerations

Servicers reported elevated activity across both new issuance and special servicing, with expectations for continued volume in 2026. Key themes included:

- Updates to industry reporting packages, including enhanced data fields for CRE CLOs and SASB transactions.
- Growing complexity in workouts and asset management, particularly for office and New York multifamily, where re-tenanting requires significant capital and long-term planning.

- Increasing exposure to fraud and cybersecurity risk, driven by AI-enabled falsification of financials and tenant documentation, as well as a heightened need for enterprise-wide controls, reduced reliance on email and strengthened internal safeguards.
- Regulatory friction, including TOPA/COPA regimes, rent stabilization and unionization pressures, adding time and cost to transactions.
- Growing interest in entering the special servicing space, reflecting anticipated demand.

Overall themes highlighted the importance of transparency, discipline and experienced judgment as asset management complexity continues to rise.

## Asset Class Perspectives

### Office

The office market remains the most challenged sector, with distress concentrated in older Class B/C assets and certain suburban and secondary markets. Key takeaways included:

- Approximately \$100 billion of unresolved distressed assets;
- Strong bifurcation, with prime submarkets showing absorption and rent growth;
- Limited viability of office-to-residential conversions, except in select markets with favorable policy and building geometry;
- Hybrid work trends increasing space per employee; and
- Significant capital required to re-tenant buildings, particularly as leases approach maturity.

### Multifamily

Fundamentals remain sound overall, though performance varies by region:

- Sunbelt markets continue to work through elevated supply and concessions.
- Northeast and Midwest markets show stronger rent growth and more balanced pipelines.
- Expense growth, particularly repairs, insurance and taxes, remains a key underwriting focus.
- Agency delinquencies remain below 1%, with stable performance expected in 2026.
- Fraud risk increasing, particularly in tenant applications in strong tenant-rights jurisdictions.





## Industrial

Industrial has moderated from its post-pandemic peak but remains supported by reshoring, manufacturing investment and supply-chain diversification.

## Retail

Open-air and grocery-anchored formats remain favored, while regional malls continue to rely on SASB executions and selective capital. Tenant quality and anchor stability remain central underwriting considerations.

## Alternative Housing

Build-to-rent, manufactured housing, student housing, senior living and affordable multifamily are gaining institutional traction, supported by:

- A national shortage of roughly 7 million affordable units;
- Demographic tailwinds, particularly aging millennials;
- Limited new supply of manufactured housing and workforce housing;
- Growing GSE engagement in affordable and alternative formats; and
- Strong institutional demand for top-tier student housing near major universities.

## Data Centers

Data centers were a dominant theme across the conference, with capital needs expected to reach unprecedented levels. Key areas of focus included:

- Power availability and reliability being the primary gating factors;
- Tenant credit and lease structure, particularly for hyperscale users;
- Infrastructure and obsolescence risk, mitigated through expandable megawatt capacity and flexible design;
- Multi-channel financing, including ABS, CMBS and private placements due to the sheer size of data center deals;
- Coordination with utilities, including load-balancing arrangements and long-term power-purchase agreements; and
- Dual-tracking execution, with sponsors pursuing ABS and CMBS simultaneously to meet capital needs.

## Artificial Intelligence and Technology

AI has shifted from a peripheral topic to a central theme across the industry. While not yet transformational, AI is materially improving:

- Financial statement analysis and manipulation;
- Lease abstraction and document review;
- Fraud detection;
- Market research and data synthesis;
- Term sheet comparison;
- Translation of foreign-language documents; and
- Environmental due diligence.

## Conclusion

The 2026 CREFC Conference reflected an industry navigating transition with renewed confidence. Liquidity is increasingly returning, issuance pipelines are strong and capital is increasingly available across the capital stack. At the same time, underwriting discipline, sponsor quality and asset-level fundamentals remain paramount as the market works through elevated distress and prepares for another active year of refinancing, recapitalization and selective acquisition activity. As the market continues to evolve, experienced counsel plays a critical role in helping market participants navigate complexity, evaluate risk and execute transactions efficiently. As always, the Cadwalader team welcomes the opportunity to discuss with you how these developments may affect your business and upcoming transactions.